

**D) IN THE CLAIMS:**

1-29: Cancelled.

Claim 30. (Amended) A method of operating an auction wherein accumulated reward points are redeemed for an item won in the auction comprising the steps of:

a) a user establishing a reward point account directly with each of a plurality of reward points issuing entities,

wherein each of said reward point accounts is stored on a reward server associated with the reward point issuing entity, and

wherein each of said reward point accounts tracks points earned by the user for transactions between the user and the associated reward points issuing entity, and

wherein each of the reward points issuing entities enables the user to selectively redeem points from the reward point account associated with that reward point issuing entity and the user for an item selected by the user,

b) the user earning reward points from each of the plurality of reward points issuing entities, each of said reward points issuing entities tracking the user's earned reward points in the user's reward point account stored on the rewards server associated with that ~~the~~ reward points issuing entity,

c) the user establishing a reward exchange account on a trading server, said trading server selectively interconnected over a network with each of the plurality of reward servers,

d) the user designating at least some of said earned reward points from one or more of said user's reward point accounts for trading into the reward exchange account,

e) the trading server accumulating the user's designated earned reward points from each of said designated reward point accounts into the reward exchange account associated with the user, and

f) the user interacting with the trading server to redeem accumulated points from the user's reward exchange account for an item won in an auction;

whereby portions of available reward points may be selected from selected reward point accounts for accumulation into the user's reward exchange account on the trading server, and optionally leave other portions of available reward points remaining in said selected reward points accounts for subsequent redemption with the associated reward points issuing entity or for subsequent accumulation into the user's reward exchange account.

Claim 31. (Previously added) The method of Claim 30 wherein the step of the user interacting with the trading server to redeem accumulated points from the user's reward exchange account for an item won in an auction comprises the steps of:

the user bidding for an item from a merchant computer interconnected to the network,

the merchant computer providing the item to the user in exchange for consideration received from said trading server, and

the trading server reducing the number of points in the user's reward exchange account in accordance with the consideration provided to the merchant computer.

Claim 32. (Previously added) The method of Claim 31 in which the reduction in points in the user's reward exchange account stored on the trading server is higher than the number of points needed to pay for the requested item.

Claim 33. (Previously added) The method of Claim 31 in which the purchase may be accomplished with a combination of points from the user's reward exchange account stored on the trading server and other consideration.

Claim 34. (Previously added) The method of Claim 33 wherein said other consideration is provided by the user.

Claim 35. (Previously added) The method of Claim 31 in which the item bid for on a merchant computer is obtained from a manufacturer's overstocked inventory at a reduced price.

Claim 36. (Previously added) The method of Claim 31 in which the item bid for on a merchant computer is obtained from an inventory of timeshare properties available for exchange.

Claim 37. (Previously added) The method of Claim 31 in which the item bid for on a merchant computer is obtained from duty free or other restricted access goods.

Claim 38. (Previously added) The method of Claim 30 in which the reward points issuing entities are selected from the group comprising an airline reward issuing entity, a credit and reward issuing entity, a hotel reward issuing entity, and a rental car reward issuing entity.

Claim 39. (Previously added) The method of Claim 30 in which the trading server transfers a user's accumulated reward points to a smart card associated with the user.

Claim 40. (Previously added) The method of Claim 39 in which the user pays for the item bid for from a merchant directly by utilizing the smart card to exchange stored accumulated reward points with the merchant for the auctioned item.

Claim 41. (Previously added) The method of Claim 30 in which the user's accumulated reward points are used to pay for entertainment services.

Claim 42. (Previously added) The method of Claim 30 in which the number of points in a user's reward point account fluctuates as a function of the performance of the associated reward points issuing entity.

Claim 43. (Previously added) The method of Claim 31 wherein the item bid for by the user has a discount associated therewith.

Claim 44. (Previously added) The method of Claim 30 wherein the user designates which points are redeemed from the reward point account associated with the user.

Claim 45. (Previously added) The method of claim 30 wherein the user designates which accumulated points are redeemed from the user's reward exchange account.

Claim 46. (Previously added) The method of claim 30 further comprising the step of each reward issuing entity providing consideration to the trading server in exchange for the trading server accumulating the user's reward points from the reward point account into the reward exchange account.

Claim 47. (Previously added) The method of Claim 46 in which the consideration provided to the trading server by the reward issuing entity has a value higher than the value of the user's earned reward points that are exchanged for said consideration.

Claim 48. (Previously added) The method of claim 30 wherein the step of the user interacting with the trading server to redeem accumulated points from the user's reward exchange account for an item won in an auction comprises the steps of:

the user bidding for an item being auctioned by linking from the trading server over the network to an associated merchant computer for

providing the item to the user in exchange for consideration received from the trading server, and

the trading server reducing the number of points in the user's reward exchange account in accordance with the consideration provided to the merchant computer.

49. (Previously added) The method of claim 30 wherein the step of the user interacting with the trading server to redeem accumulated points from the user's reward exchange account for an item won in an auction comprises the steps of:

the user bidding for an item being auctioned from a list of products available from a merchant computer provided to the user by the trading server, for providing the item to the user in exchange for consideration received from the trading server, and

the trading server reducing the number of points in the user's reward exchange account in accordance with the consideration provided to the merchant computer.

Claim 50. (Previously added) The method of claim 30 wherein the step of the user interacting with the trading server to redeem accumulated points from the user's reward exchange account for an item won in an auction comprises the steps of:

the user bidding for an item being auctioned from a list of available items provided by the trading server to the user over the network, wherein the list of available items comprises identification of items available directly from the trading server, and

the trading server reducing the number of points in the user's reward exchange account in accordance with the item selected by the user.

Claim 51. (Previously added) The method of claim 30 wherein the step of the user designating at least some of said earned reward points from one or more of said user reward point accounts for trading into the reward exchange account is performed by a

user interfacing with the trading server with a user computer interconnected to the network.

Claim 52. (Previously added) The method of claim 30 wherein the step of the user interacting with the trading server to redeem accumulated points from the user's reward exchange account for an item won in an auction is performed by a user interfacing with the trading server with a user computer interconnected to the network.

Claim 53. (Previously added) The method of claim 30 in which the value of the points in a user's reward point account fluctuates as a function of the performance of the associated reward points issuing entity.

Claim 54. (Amended) An auction and reward points accumulation and redemption system comprising:

a. a plurality of reward servers,

i. wherein each of said reward servers is associated with a reward points issuing entity, and

ii. wherein each of said reward servers comprises data storage means for storing a plurality of reward point accounts,

iii. wherein each of said reward point accounts is associated with a user and wherein each of said reward servers further comprises processing means adapted is configured to:

1. track reward points earned by the associated user for transactions between the associated user and the associated reward point issuing entity; and

2. enable the user to selectively redeem reward points from the reward point account stored on that reward server and associated with the user for an item selected by the user; and

b. a trading server selectively interconnected over a network to each of the plurality of reward servers,

i. wherein the trading server comprises data storage means for storing a plurality of reward exchange accounts, each of said reward exchange accounts associated with a user:

ii. wherein the trading server further comprises processing means adapted is configured to enable a user to designate at least some reward points from one or more of reward point accounts associated with the user for trading into the reward exchange account associated with the user;

iii. wherein the trading server further comprises:

1. means for accumulating the reward points designated by the user from each of said reward point accounts associated with the user into the reward exchange account associated with the user, and

2. means for allowing the user to interact with the trading server to redeem accumulated reward points from the reward exchange account associated with the user for an item won in an auction;

whereby the reward points accumulation and redemption system enables the selection of portions of available reward points from selected reward point accounts for accumulation into the user's reward exchange account on the trading server, and optionally leave other portions of available reward points remaining in said selected reward points accounts for subsequent redemption with the associated reward points issuing entity or for subsequent accumulation into the user's reward exchange account.

Claim 55. (Previously added) The system of Claim 54 further comprising:

c) a user computer interconnected to the network for allowing a user to bid for an item from a merchant computer interconnected to the network,

d) a merchant computer for providing the item to the user in exchange for consideration received from said trading server, and

e) means for the trading server to reduce the number of points in the user's reward exchange account in accordance with the consideration provided to the merchant computer.

Claim 56. (Previously added) The system of Claim 55 in which the reduction in points in the user's reward exchange account stored on the trading server is higher than the number of points needed to pay for the requested item.

Claim 57. (Previously added) The system of Claim 55 in which the purchase may be accomplished with a combination of reward points exchanged by the trading server and other consideration provided by the user.

Claim 58. (Previously added) The system of Claim 55 in which the item bid for on a merchant computer is obtained from a manufacturer's overstocked inventory at a reduced price.

Claim 59. (Previously added) The system of Claim 55 in which the item bid for on a merchant computer is obtained from an inventory of timeshare properties available for exchange.

Claim 60. (Previously added) The system of Claim 55 in which the item bid for on a merchant computer is obtained from duty free or other restricted access goods.

Claim 61. (Previously added) The system of Claim 54 in which the reward points issuing entities are selected from the group comprising an airline reward issuing entity, a credit and reward issuing entity, a hotel reward issuing entity, and a rental car reward issuing entity.

Claim 62. (Previously added) The system of Claim 54 in which the trading server transfers a user's accumulated reward points to a smart card associated with the user.



Claim 63. (Previously added) The system of Claim 62 in which the user pays for the item bid from a merchant directly by utilizing the smart card to exchange stored accumulated reward points with the merchant for the auctioned item.

Claim 64. (Previously added) The system of Claim 54 in which the user's accumulated reward points are used to pay for entertainment services.

Claim 65. (Previously added) The system of Claim 54 in which the number of points in a user's reward point account fluctuates as a function of the performance of the associated reward points issuing entity.

Claim 66. (Previously added) The system of Claim 54 wherein the user designates which points are redeemed from the reward point account associated with the user.

Claim 67. (Previously added) The system of Claim 54 wherein the user designates which accumulated points are redeemed from the user's reward exchange account.

Claim 68. (Previously added) The system of Claim 54 wherein consideration is provided by the reward issuing entity to the trading server in exchange for the trading server accumulating the user's reward points from the reward point account into the reward exchange account.

Claim 69. (Previously added) The system of Claim 68 in which the consideration provided to the trading server by the reward issuing entity has a value higher than the value of the user's earned reward points that are exchanged for said consideration.

Claim 70. (Cancelled).

Claim 71. (Previously added) The system of Claim 54 further comprising:

c) a user computer interconnected to the network for allowing a user to bid for an item for purchase by linking from the trading server over the network to an

associated merchant computer for providing the item to the user from the merchant computer in exchange for consideration received from said trading server

d) a merchant computer for providing the item to the user in exchange for consideration received from said trading server, and

e) means for the trading server to reduce the number of points in the user's reward exchange account in accordance with the consideration provided to the merchant computer.

Claim 72. (Amended) The system of Claim 54 further comprising:

c) a user computer interconnected to the network for allowing a user to bid ~~for select~~ an item ~~for purchase~~ from a list of available items from a merchant computer over the network for providing the item to the user from the merchant computer in exchange for consideration received from said trading server

d) a merchant computer for providing the item to the user in exchange for consideration received from said trading server, and

e) means for the trading server to reduce the number of points in the user's reward exchange account in accordance with the consideration provided to the merchant computer.

Claim 73. (Previously added) The system of Claim 54 further comprising:

c) a user computer interconnected to the network for allowing a user to bid for an item from a list of available items provided by the trading server to the user over the network, wherein the list of available items comprises identification of items available directly from the trading server, and

d) means for the trading server to reduce the number of points in the user's reward exchange account in accordance with the item selected by the user.

Claim 74. (Previously added) The system of Claim 54 further comprising a user computer interconnected to the network for allowing a user to interface with the trading server and

designate at least some of said earned reward points from one or more of said user reward point accounts for trading into the reward exchange account.

Claim 75. (Previously added) The system of Claim 54 further comprising a user computer interconnected to the network for allowing a user to interface with the trading server to redeem accumulated points from the user's reward exchange account for an item won in an auction by the user.

Claim 76. (Previously added) The system of Claim 54 in which the value of the points in a user's reward point account fluctuates as a function of the performance of the associated reward points issuing entity.